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AUDITOR GENERAL

MEMORANDUM

DATE: September 19, 2008

TO: Honorable City Council

FROM: Loren E. Monroe, CPA *Loren E Monroe*
Auditor General

SUBJECT: Recommendations and Best Practices for the Mayor's Office

C: Mayor Kenneth V. Cockrel, Jr.

Based upon recent audit work conducted by the Office of the Auditor General (OAG), we recommend that the following best practices be adopted by the Mayor's Office. These practices will not only strengthen internal controls within the Mayor's Office and improve the transparency of operations, but will set the tone for all City departments and agencies to follow.

Gifts and Donations

- Maintain a log of gifts received by the Mayor or the Mayor's Office. The log should include a description and estimated value of the gift, the name of the person(S) from whom the gift is received, and the disposition of the gift.
- Maintain a log of gifts given by the Mayor or the Mayor's Office. The log should include a description and the value of the gift, to whom it was given and the reason a gift was given.
- Maintain a log of all donations, cash and in-kind, received by the Mayor's Office, in accordance with Finance Directive 139. The log should include a description of the donated item or service; the donor's name and address; the actual or approximate value of the donation; a description of how the donation was used, expended or otherwise appropriated; and a description of each unused donation and the planned disposition of the donation.
- Ensure that the Mayor's Office obtains the approval of City Council for the acceptance of all donations as required by City Ordinance 29-94.

Travel

- Fully comply with the City's Travel Policy

- Complete and submit Travel Authorization and Request Forms in a timely manner.
- Complete and submit completed travel expense reconciliations, including proper documentation for all expenses, to the Budget Department in a timely manner.

Credit Cards

- Fully document all credit card charges with proper receipts and include the purpose of the charge, as required by Finance Directive 137.
- Reconcile the credit card statements to the receipts on a monthly basis.
- Pay all credit card bills timely, and not incur late fees and charges.
- Verify that all prior credit cards have been cancelled.

Imprest Cash

- Fully comply with the City's Imprest Cash Manual and related Finance Directives and policies. Special attention should be paid to the following requirements:
 - Notification of the Finance Department of any change in the Imprest Cash Custodian;
 - Appropriate segregation of all cash-related duties;
 - Reconciliation of imprest cash and bank accounts on a monthly basis;
 - Dual signatures on all imprest cash checks; and
 - Proper authorization of all imprest cash disbursements.

Capital/Fixed Assets

- Train at least one staff person in the proper use of the Capital Asset System.
- Update all capital asset records regularly.
- Reconcile the physical inventory to the Capital Asset System annually.

Vehicles

- Maintain an accurate list of all vehicles assigned to the Mayor's Office, including leased, loaned and donated vehicles, and a record of the person or persons who use the vehicle.
- Assign the responsibility for monitoring the use of the vehicles including maintaining and monitoring records of personal mileage to a staff member.

Gas Cards

- Maintain an accurate list of gas cards held and used by the Mayor's Office staff.
- Assign a staff person to monitor usage of gas cards and institute periodic, documented management reviews of usage.

Personal Service Contracts

- Obtain approval for all personal service contracts before the contractor begins work.
- Retain a copy of the personal service contracts entered into by the Mayor's Office.

Contracts and Purchasing

- Fully comply with the Purchasing Ordinance and related policies, procedures and relevant Finance Directives.
- Obtain required approval of all contracts before the contracted entity begins work.
- Ensure that staff has adequate training in the use of the Detroit Resource Management System and in proper purchasing procedures.

Year-End Closing

- Accurately complete and submit all year-end exhibits in a timely manner.

Policies and Procedures

- Ensure that the Directors of the Finance Department and of the Human Resources Department update any out-dated policies and directives. New policies should be developed as needed, for example, a relocation reimbursement policy. All policies should be posted on the City's intranet and be accessible to all employees.
- Review, update and communicate the records retention policy, Finance Directive 99, to ensure the proper retention of documents.

Manoogian Mansion

- Develop a more detailed budget for the Manoogian Mansion. The more detailed budget should be closely managed in an effort to eliminate the appearance of extravagance and create transparency in City government.

The OAG is available to assist City Council and the Mayor's Office by providing any additional information concerning the above best practices. In addition, the OAG is available to explain any other recommendations that enhance the overall operation of the City and City Departments included in prior OAG reports.